

## Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 COME-00 EB-11 LAB-06 SIL-01 OMB-01 TRSE-00

AID-20 DRC-01 /138 W

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R 111850Z JAN 74

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 4948

INFO USCINCSO

C O N F I D E N T I A L BUENOS AIRES 0277

USCINCSO FOR POLAD

E.O. 11652: GDS

TAGS: ELAB, PINT, AR

SUBJ: NATIONAL GOVERNMENT AND LABOR LEADERSHIP COUNTER-  
ATTACK IN AFTERMATH CORDOBA BUS DRIVERS STRIKE

REF: BA 0180

1. SUMMARY: NATIONAL GOVERNMENT AND LABOR LEADERSHIP HAVE BEGUN COUNTERATTACK AGAINST CORDOBA ACTING GOVERNOR ATILIO LOPEZ AND HIS SUPPORTERS IN AFTERMATH FIVE-DAY BUS DRIVERS (UTA) STRIKE IN THAT PROVINCE. MEASURES ALREADY ADOPTED AND THOSE STILL UNDER CONSIDERATION PLACE CONSIDERABLE PRESSURE ON LOPEZ AND LEGALIST SECTOR PERONIST LABOR MOVEMENT IN CORDOBA, AND COULD LEAD TO RETALIATORY ACTION, WHICH IN TURN MIGHT PROVOKE INTERVENTION OF PROVINCIAL GOVERNMENT BY NATIONAL MINISTRY OF THE INTERIOR.  
END SUMMARY.

2. IN MOVE APPARENTLY DIRECTLY RELATED TO RECENT EVENTS IN CORDOBA, MIN OF ECON EMITTED OFFICIAL COMMUNIQUE JAN 10 ANNOUNCING THAT ANY SALARY INCREASES GRANTED BY COMPANIES  
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COULD NOT SUBSEQUENTLY BE UTILIZED BY COMPANIES AS EVIDENCE

OF INCREASED COSTS TO JUSTIFY PRICE INCREASES, AND WOULD NOT BE RECOGNIZED FOR TAX PURPOSES. DECREE FURTHER STATED GOVERNMENTS VIEW THAT COMPANIES WITH SUFFICIENT INCOME TO DO SO SHOULD REDUCE PRICES (AS OPPOSED TO RAISING WAGE LEVEL).

3. BESIDES SERVING TO RATIFY ONCE AGAIN GOVERNMENT'S FIRM POSITION ON WAGE POLICY, ECON MIN COMMUNIQUE WAS DIRECT SLAP AT ACTION TAKEN BY ACTING GOVERNOR LOPEZ, WHO PROMISED CORDOBA PROVINCIAL GOVERNMENT SUBSIDIES TO BUS COMPANY OWNERS AS PART OF PACKAGE INVOLVING 37 PERCENT WAGE INCREASE FOR LOCAL BUS DRIVERS. COMMUNIQUE FURTHER SERVED AS CLEAR INDICATOR TO OTHER UNIONS IN CORDOBA AND ELSEWHERE THAT TACTICS EMPLOYED BY AUTOMOTIVE TRANSPORT WORKERS UNION (UTA) WOULD BE UNLIKELY TO PROSPER AGAIN.

4. IN ADDITION TO ECON MIN COMMUNIQUE, NATIONAL LABOR MOVEMENT LEADERSHIP IS ALSO PLANNING MOVE AGAINST LOPEZ AND HIS SUPTORTERS IN CORDOBA. MAURICIO LABAT, SEC GEN CORDOBA TAXI DRIVERS UNION AND LABOR MINISTER RICARDO OTERO'S CHIEF ADVISOR ON CORDOBA LABOR MATTERS, TOLD EMBOFF ON JAN 10 THAT CORDOBA CGT WILL BE NORMALIZED AT PLENARY SESSION TO BE HELD IN OUTSKIRTS OF CORDOBA JAN 20. LABAT, WHO WAS IN CORDOBA THROUGHOUT RECENT STRIKE ADVISING MAYOR AVALOS, IS CERTAIN THAT ORTHODOX SECTOR NOW HAS VOTES TO PREVAIL IN CORDOBA CGT. ORTHODOX SECTOR CANDIDATE FOR SECRETARY GENERAL CORDOBA CGT WILL BE SELECTED AT MEETING OF CORDOBA 62 ORGANIZATIONS JAN 16. LABAT ALSO SAID OTERO WOULD NAME INDIVIDUAL FROM ORTHODOX METAL WORKERS UNION (UOM) AS LABOR MINISTRY DELEGATE IN CORDOBA BEFORE END OF JANUARY (BA 0251).

5. IN ADDITION, ACCORDING TO LABAT, NATIONAL GOVERNMENT IS SERIOUSLY CONSIDERING LABOR LEADERSHIP PROPOSAL WHICH WOULD RESULT IN STRIPPING UTA OF ITS RIGHT TO FUNCTION AS LABOR UNION (PERSONERIA GREMIAL) ON NATIONWIDE BASIS IN ACCORDANCE WITH PROVISIONS OF NEW LABOR LAW.

6. COMMENT: ALL THESE MOVES TOGETHER CONSTITUTE SERIOUS REBUFF TO LOPEZ. SHOULD CORDOBA PROVINCIAL GOVERNMENT GRANT ANY FURTHER SUBSIDIES TO PERMMIT WAGE INCREASES, FEDERAL GOVERNMENT WOULD HAVE STRONG CASE FOR INTERVENING PROVINCE PRIMARILY CONFIDENTIAL

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ON GROUNDS THAT PROVINCIAL GOVERNMENT IS DISRUPTING SOCIAL PACT. YET IT WILL BE HARD FOR LOPEZ TO JUSTIFY ACTION ON BEHALF OF HIS OWN UTA, WHILE OTHER DEMANDS FOR WAGE INCREASES IN CORDOBA GO UNATTENDED.

7. INCUMBENT LEADERSHIP OF CORDOBA CGT COMPRISED OF LEGALIST SECTOR PERONISTS AND TROTSKYITES WILL PROBABLY RESIST GOVT MOVES AGAINST THEM. THEY WILL ALMOST CERTAINLY CONTEND "NORMALIZING"

ELECTIONS TO BE FRAUDULENT, AND VIOLENCE IS LIKELY TO ENSUE.  
UTILIZATION OF NEW LABOR LAW TO TAKE AWAY PERSONERIA GREMIAL  
FROM UTA WOULD BE FIRST SUCH APPLICATION OF THIS LAW. AS  
OBJECTIVE OF PROPOSED MOVE WOULD BE CLEARLY POLITICAL, IT WOULD  
UNDOUBTEDLY GENERATE TREMENDOUS CRITICISM FROM ALL POLITICAL  
GROUPINGS WHICH OPPOSED PASSAGE OF NEW LABOR LAW.

8. IN MEANTIME, LOPEZ HAS TO CONFRONT PROBLEM OF FINDING FUNDS  
TO PAY SUBSIDY HE PROMISED BUS COMPANY OWNERS. NO MONEY WAS  
BUDGETED FOR THIS PURPOSE BY CORDOBA LEGISLATURE, AND ACCORDING  
CGT AND LABOR MINISTRY SOURCES, NATIONAL GOVERNMENT HAS NO  
INTENTION TO HELP LOPEZ SOLVE THIS ASPECT OF HIS PROBLEM.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** WAGES, LABOR LAW, LABOR STRIKES, MOTOR BUSES, TRANSPORTATION SUBSIDIES, PASSENGER FARES, PROVINCIAL GOVERNOR, CENTRAL GOVERNMENT, LABOR UNION OFFICIALS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 11 JAN 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974BUENOS00277  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** n/a  
**From:** BUENOS AIRES  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740148/aaaabtng.tel  
**Line Count:** 129  
**Locator:** TEXT ON-LINE  
**Office:** ACTION ARA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** BA 0180  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 06 SEP 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <06 SEP 2002 by cunninfx>; APPROVED <09 DEC 2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** NATIONAL GOVERNMENT AND LABOR LEADERSHIP COUNTER- ATTACK IN AFTERMATH CORDOBA BUS DRIVERS STRIKE  
**TAGS:** ELAB, PINT, AR  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005